DOCUMENT RESUME

ED 299 345 UD 026 394

TITLE	Analysis of 1986 Poverty Data.
INSTITUTION	Food Research and Action Center, Washington, D.C.
PUB DATE	Oct 87
NOTE	11p.; Revised edition; originally published July 3, 1987.
AVAILABLE FROM	Food Research and Action Center, 1319 F. St., N.W., Suite 500, Washington, DC 20004 ($1.00).
PUB TYPE	Reports - Research/Technical (143) -- Statistical Data (110)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Blacks; Black Youth; Business Cycles; *Census Figures; *Economically Disadvantaged; Economic Progress; Employment; *Employment Patterns; *Ethnic Groups; Hispanic Americans; Low Income Groups; Minority Groups; *Poverty; Statistical Analysis; *Trend Analysis; Unemployment; Whites
IDENTIFIERS	*Bureau of the Census; Hispanic Youth; *United States; War on Poverty

ABSTRACT

Poverty data released by the U. S. Census Bureau indicates no significant progress toward reducing the poverty rate during a period of economic recovery. The 1986 poverty rate of 13.6 percent remains significantly higher than anytime in the 1970s. Minority group children represent the largest age group of the poverty population. The sluggish performance in reducing the poverty rate is representative of an uneven economic recovery. The 1986 data include the following: (1) 32.4 million Americans are poor; (2) 6.3 million more Americans were poor in 1986 than in 1979; (3) 12.7 million children (20.2 percent) are poor; (4) 43.3 percent of all Black children are poor; (5) 37.4 percent of all Hispanic children are poor; (7) 12.7 million (39.2 percent) poor people had incomes below half the poverty line, the highest level in more than a decade; and (8) the gap between the rich and the poor is the widest in 40 years. Analysis of data from 1959 to 1985 indicates the following: (1) the poverty rate in 1986 was higher than in any other years with similar unemployment rates; (2) the number of working poor has increased; (3) the poor are more deeply in poverty than ever before; (4) the poverty rate for Blacks was nearly three times that for Whites; (5) the poverty level for Hispanics was more than double that for Whites; (6) President Lyndon Johnson's 1964 "war on poverty" was followed by a decline in the poverty rate that stabilized at an all-time low of 11 to 12 percent during the 1970s; and (7) in 1979 the poverty rate began a 5-year increase. Statistical data are included on seven tables and four graphs. (FMW)

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Analysis of 1986 Poverty Data

Food Research and Action Center

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FOOD RESEARCH AND ACTION CENTER

July 30, 1987
(Revised October 21, 1987)

Analysis of 1986 Poverty Data

Poverty data released today by the Census Bureau indicates no significant progress toward reducing the poverty rate during a period of economic recovery. The 1986 poverty rate of 13.6 percent remains significantly higher than anytime in the 1970's. The sluggish performance in reducing the poverty rate is representative of an uneven economic recovery.

The 1986 poverty data show:

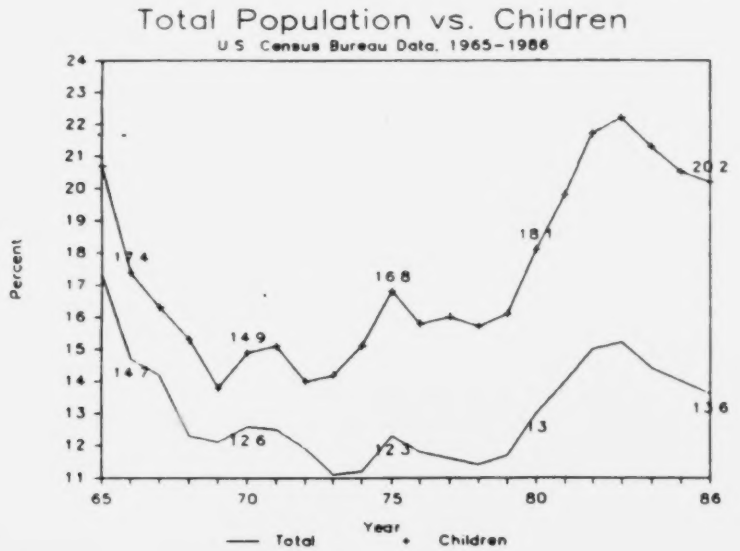
- 32.4 million Americans were poor in 1986.
- 6.3 million more Americans were poor in 1986 than in 1979.
- 4.8 million or 22.1 percent of children[1] under age six were poor in 1986.
- 12.7 million or 20.2 percent of children under age 18 were poor in 1986.
- 12.7 million or 39.2 percent of all poor people in 1986 had incomes below half the poverty line, the highest level in more than a decade.
- the gap between the rich and poor hit its widest point in 40 years.

Children in Poverty

Children represent the largest age group of the poverty population. In 1986, 12.7 million or 20.2 percent of all American children lived in poverty. One in every five children was poor in 1986. Even higher percentages of minority children lived in poverty. The 1986 poverty data for children was not significantly different from 1985.

- 43.0 percent of all black children fell below the poverty line in 1986.
- 45.6 percent of all black children under six were poor in 1986.
- 37.4 percent of all hispanic children fell below the poverty line in 1986.
- 40.7 percent of all hispanic children under six were poor in 1986.

The gap between the poverty rate for children under 18 and the poverty rate (as illustrated by the following graph) for the overall population remains wide.



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Hunger and Poverty

Hunger is a condition of poverty. Living below the poverty line puts tremendous strains on a household budget, adversely affecting the ability to purchase a nutritionally adequate diet. High sustained rates of poverty, diminished levels of support for federal food assistance programs, and reports of increased requests for emergency food assistance all point to an increase in the risk of hunger for millions of Americans.

Various reports document the relationship between the availability of resources for food and nutritional quality. The Departments of Agriculture and Health and Human Services stated in their July 1986 report, Nutrition Monitoring in the United States, that "Income was found to have a positive, statistically significant effect on the nutrient levels in households diets and individual intakes . . ." Specifically, that study noted low levels of vitamin B_{12}, preformed niacin, vitamin C, calcium, phosphorus, magnesium and iron in Americans below the poverty level.

Consistent findings were reached by nutritionists Peterkin, Kerr and Hama in their 1982 study of the nutritional adequacy of diets of low-income households. In analyzing data from the National Food Consumption Survey, they found only 12 percent of households using food with a monetary value approximating the thrifty food plan (the basis for food stamp benefits) received the Recommended Dietary Allowances (RDAs) for 11 nutrients. Sixty-six percent of the households using food with a monetary value of 150 to 199 percent of the thrifty food plan consumed diets that provided RDAs for 11 nutrients.

Definition of Poverty

Poverty statistics used by the Census Bureau are based on a definition developed by the Social Security Administration in 1964 and revised in 1969 and 1981. The poverty level is adjusted each year according to the Consumer Price Index.

The basis for the first poverty index was the Agriculture Department's "economy food plan." This food plan (now revised as the thrifty food plan) was the least expensive of four food plans used by the Agriculture Department. When first instituted, the poverty line was drawn at three times the economy food plan for a family of three or more.

Noncash Benefits

The Census Bureau today also released experimental data to measure the effect of in-kind benefits on the poverty rate. Not surprisingly, when the value of noncash benefits are added to the poverty figures, the number of people who fall below the poverty line decreases.

The Census Bureau has assigned various cash values to these programs according to two methods: (1) market value and (2) recipient or cash equivalent value. The market value attempts to estimate the private market price of goods and services transferred to the recipient. The recipient or cash equivalent value attempts to estimate the cash amount for which the recipients would be willing to trade their right to noncash benefits.

When including noncash benefits, poverty estimates rose faster between 1979 and 1986. When using the market value approach, the poverty rate went from 9.7 percent in 1979 to 12.2 percent in 1986, a change of 25.8 percent. During the same period, the official poverty rate grew from 11.7 percent to 13.6 percent, a change of 16.2 percent. Between 1979 and 1986, the recipient value approach went from 10 percent to 12.5 percent, a change of 25 percent.

Statistical Background

The following statistics were compiled from U. S. Census Bureau data between 1959 and 1985.

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[1]Children, as defined by the Census Bureau, are those who live in families or unrelated subfamilies.

Poverty and Unemployment

The poverty rate in 1986 was higher than in other years with similar unemployment rates. In 1977 and 1980, the unemployment rate was 7.1 percent or roughly the same as the 7 percent rate in 1986. However, the poverty rate in 1986 was 0.6 percent higher than the poverty rate in 1980 and 2 percent higher than the poverty rate in 1977.

The Working Poor

Poverty in the 1980's has seen an increase in the number of working poor. While the unemployment rate has decreased since the recession of the early 1980's, many of the new jobs that have been created fail to lift people above the poverty line. A recent Joint Economic Committee study found that when annual wages are examined, 44 percent of the net increase in employment from 1979 to 1985 consisted of jobs paying less than $7,400 a year, measured in 1986 dollars.

The 1986 poverty figures show no change in the number of working poor from 1985. Of all poor people who headed families, half worked at some point during 1986, and 17 percent worked full-time, year-round.

Poor Get Poorer

The new data also show that the poor fell deeper into poverty in 1986. The proportion of the "poorest of the poor" – those with incomes below half the poverty line ($5,600 for a family of four) – reached its highest level in more than a decade. In 1986, 39.2 percent or 12.7 million of all poor people had incomes below half the poverty line.

The 1986 data also show the gap between the rich and poor hit its widest point in 40 years. The Census Bureau data show that the wealthiest 20 percent of American families received 43.7 percent of the national family income, the highest percentage ever recorded. The poorest 40 percent of American families, however, received 15.4 percent of the national income, the lowest amount ever recorded.

Poverty by Race

Tremendous gaps exist among the poverty rates for blacks, hispanics and whites. In 1986, the poverty rate for blacks was nearly three times that for whites, and the poverty rate for Hispanics was more than double that for whites.

While the percent of blacks living in poverty decreased in 1986, the actual number grew slightly. This indicates a slowing down of the progress made in recent years toward reducing the percent of blacks living in poverty.

Historical Trends

There are certain historical trends that can be observed since the Census Bureau formally began measuring the poverty level in 1959 that are helpful in evaluating new developments in the poverty rate.

In 1964, when President Lyndon Johnson declared "unconditional war on poverty," 36.1 million or 19 percent of all Americans fell below the official poverty line of $3,169 for a family of four. Through the early 1970's the nation experienced a decline in the number of people living below poverty. By 1973, 23 million or 11.1 percent of all Americans fell below the poverty line for that year, the lowest percentage since the Census Bureau began collecting poverty data.

While poverty was not eliminated in the 1960's, as the the Johnson administration had hoped for, there was a substantial decline in the number of Americans living below the poverty line. Throughout much of the 1970's, the poverty rate stabilized at the 11 to 12 percent range.

In 1979 the poverty rate began a five-year increase. Since 1979, the number of Americans living in poverty has increased by 6.3 million. The average poverty rate for the 1981 to 1986 period was 14.4 percent. This is the highest average rate for any six-year period since 1964 to 1969.

There were more poor people in this country in 1986 than in 1966. The poverty rate for the 1980's is at a higher plateau than the 1970's. This clearly represents a reversal in the progress which was achieved in the 1960's and 1970's toward reducing the poverty rate. Poverty in the 1980's has re-emerged as a major domestic problem.

Changes between 1959 and 1986 in the Poverty Level for a Family of Four

Year	Poverty Level	Year	Poverty Level
1986	$11,203	1972	4,275
1985	10,989	1971	4,137
1984	10,609	1970	3,968
1983	10,178	1969	3,743
1982	9,862	1968	3,553
1981	9,287	1967	3,410
1980	8,414	1966	3,317
1979	7,412	1965	3,223
1978	6,662	1964	3,169
1977	6,191	1963	3,128
1976	5,815	1962	3,089
1975	5,500	1961	3,054
1974	5,038	1960	3,022
1973	4,540	1959	2,973

The 1986 Poverty Line

Size of Family Unit	Poverty Line
One person (unrelated individual)	$ 5,572
15 to 64 years	5,701
65 years and over	5,255
Two persons	7,138
Householder 15 to 64 years	7,372
Householder 65 years and older	6,630
Three persons	8,737
Four persons	11,203
Five persons	13,259
Six persons	14,986
Seven persons	17,049
Eight persons	18,791

Persons Below the Poverty Level: 1959-1986

Year	Number Below Poverty (millions)	Percent Below Poverty
1986	32.4	13.6
1985	33.1	14.0
1984	33.7	14.4
1983	35.3	15.2
1982	34.4	15.0
1981	31.8	14.0
1980	29.3	13.0
1979	26.1	11.7
1978	24.5	11.4
1977	24.7	11.6
1976	25.0	11.8
1975	25.9	12.3
1974	23.4	11.2
1973	23.0	11.1
1972	24.5	11.9
1971	25.6	12.5
1970	25.4	12.6
1969	24.1	12.1
1968	25.4	12.8
1967	27.8	14.2
1966	28.5	14.7
1965	33.2	17.3
1964	36.1	19.0
1963	36.4	19.5
1962	38.6	21.0
1961	39.6	21.9
1960	39.9	22.2
1959	39.5	22.4

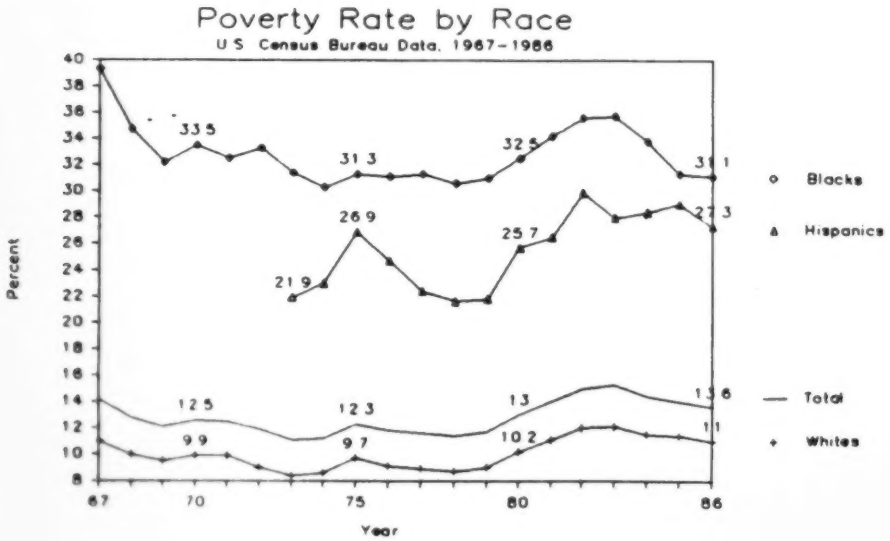
Children under 18 in Poverty

Year	Number of Children in Poverty (millions)	Percent of Children in Poverty
1986	12.7	20.2
1985	12.8	20.5
1984	13.3	21.3
1983	13.8	22.2
1982	13.5	21.7
1981	12.3	19.8
1980	11.4	18.1
1979	9.9	16.1
1978	9.7	15.7
1977	10.0	16.0
1976	10.1	15.8
1975	10.9	16.8
1974	10.0	15.1
1973	9.5	14.2
1972	10.1	14.9
1971	10.3	15.1
1970	10.2	14.9
1969	9.5	13.8
1968	10.7	15.3
1967	11.4	16.3
1966	12.1	17.4
1965	14.4	20.7
1964	15.7	22.7
1963	15.7	22.8
1962	16.6	24.7
1961	16.6	25.2
1960	17.3	26.5
1959	17.2	26.9

Poverty Rates by Race

Year	White	Black	Hispanic
1986	11.0	31.1	27.3
1985	11.4	31.3	29.0
1984	11.5	33.8	28.4
1983	12.1	35.7	28.0
1982	12.0	35.6	29.9
1981	11.1	34.2	26.5
1980	10.2	32.5	25.7
1979	9.0	31.0	21.8
1978	8.7	30.6	21.6
1977	8.9	31.3	22.4
1976	9.1	31.1	24.7
1975	9.7	31.3	26.9
1974	8.6	30.3	23.0
1973	8.4	31.4	21.9
1972	9.0	33.3	(NA)
1971	9.9	32.5	(NA)
1970	9.9	33.5	(NA)
1969	9.5	32.2	(NA)
1968	10.0	34.7	(NA)
1967	11.0	39.3	(NA)
1959	18.1	62.5	(NA)

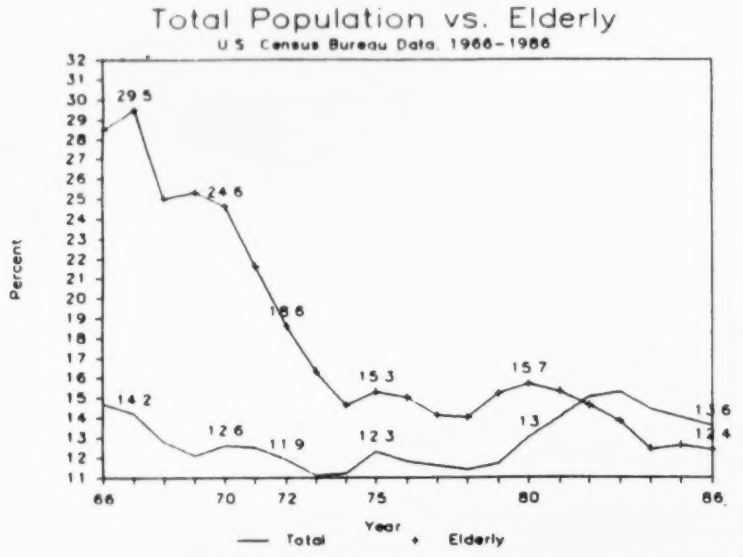
(Black/white poverty rates not available between 1960-1966.)



Elderly Persons in Poverty

Year	Poverty Population 65 and over (mil-li-ons)	Percent in Povety 65 and over
1986	3.5	12.4
1985	3.5	12.6
1984	3.3	12.4
1983	3.6	13.8
1982	3.8	14.6
1981	3.9	15.3
1980	3.9	15.7
1979	3.7	15.2
1978	3.2	14.0
1977	3.2	14.1
1976	3.3	15.0
1975	3.3	15.3
1974	3.1	14.6
1973	3.4	16.3
1972	3.7	18.6
1971	4.3	21.6
1970	4.8	24.6
1969	4.8	25.3
1968	4.6	25.0
1967	5.4	29.5
1966	5.1	28.5
1959	5.5	35.2

(Data not available between 1960-1965.)



Unemployment Rate 1963-1986

Year	Rate	Year	Rate
1986	7.0	1974	5.6
1985	7.2	1973	4.9
1984	7.5	1972	5.6
1983	9.6	1971	5.9
1982	9.7	1970	4.9
1981	7.6	1969	3.5
1980	7.1	1968	3.6
1979	5.8	1967	3.8
1978	6.1	1966	3.8
1977	7.1	1965	4.5
1976	7.7	1964	5.2
1975	8.5	1963	5.7

source: Bureau of Labor Statistics